Press Release
Paris – February 25, 2009

Profit before tax[1] on target, at €875 million

Dividend unchanged at 1.65 euro per share

Battle plan to face a difficult environment

Accor is staying on course and continuing to transform its two core businesses

- **Operating profit before tax** and non-recurring items: **€875 million**, on target up 13.0% like-for-like and excluding the impact of the return to shareholders
- **Operating margin up 1.0 point to 29.6%**
- **A solid balance sheet:** Adjusted FFO/Adjusted net debt at 25.8%[2]

2008 financial results

(in € millions)	**2007**	**2008**	**% change as reported**	**% change like-for-like[3]**
Revenue	8,121	7,739	-4.7%	+2.8%
EBITDAR	2,321	2,290	-1.3%	+4.0%
EBITDAR margin	*28.6%*	*29.6%*	*+1.0 pt*	*+0.4 pt*
Operating profit before tax and non-recurring items	907	875	-3.5%	+6.8%[4]
Net profit, Group share	883	575	-34.9%	

[1] Operating profit before tax and non-recurring items
[2] Adjusted Funds From Operations / Net debt adjusted for NPV of minimum lease payments discounted at 8%
[3] Excluding changes in scope of consolidation and exchange rates
[4] 13.0% like-for-like excluding the impact of the return to shareholders

- ## Operating profit before tax and non-recurring items in line with targets

Consolidated **revenue** totaled €7,739 million in 2008, representing a **2.8% increase at comparable scope of consolidation and exchange rates** (like-for-like) and a 4.7% decline as reported. Reported revenue was negatively impacted by the large number of asset disposals during the year and the unfavorable currency effect, notably from the US dollar and the British pound against the euro. The 2.8% like-for-like growth was led by sustained gains in Prepaid Services and the firm resistance of Economy Hotels outside the United States.

- **Prepaid Services** revenue rose 12.9% like-for like and 10.5% on a reported basis, in line with the 8 to 16% medium-term organic growth target set for the business by the Group.

- **Hotels** revenue ended the year up 2.1% like-for-like and down 1.0% on a reported basis, with growth led by Economy Hotels outside the United States (up 3.2% like-for-like), and the Upscale and Midscale segments (up 2.6% like-for-like). Revenue from Economy Hotels in the US declined by 2.1% during the year.

Consolidated **EBITDAR** stood at €2,290 million, for an **EBITDAR margin** of 29.6%, up 1.0 point as reported and 0.4 points like-for-like compared with 2007.

- **Prepaid Services** reported an EBITDAR margin of 43.5% for the year, a 1.4-point like-for-like improvement that confirmed the business' excellent performance in most of its markets (up 1.1 points in the first half and up 1.6 points in the second). The flow-through ratio stood at 54.7%.[1]

- EBITDAR margin in the **Hotels** business is up 0.1 points like-for-like, to 31.5%. Margin improved by 0.1 point like-for-like in the Upscale and Midscale segment (up 0.5 points in the first half and down 0.3 points in the second), with a flow-through ratio of 29.8%. Margin widened by 0.6 points like-for-like in the Economy Hotels outside the US up 1.0 points in the first half and 0.3 points in the second, with a flow-through ratio of 56.6%. Operating margin in the US Economy segment declined by 1.3 points like-for-like during the year.

Operating profit before tax and non-recurring items amounted to **€875 million** in 2008, in line with the Group's target given in October 2008. Excluding the impact of the cost of the return to shareholders, it increased by 13.0% like-for-like over the year, of which 25.3% in the first half and 4.3% in the second.

- ## Net profit included significantly fewer capital gains than in 2007

Net profit, Group share stood at **€575 million**, down 34.9% for the year. Part of the decline was attributable to the decrease in capital gains on asset disposals, to €150 million from €481 million in 2007.

Earnings per share came to **€2.60**, versus €3.92 in 2007, based on the weighted average 221 million shares outstanding during the year.

Operating profit before non-recurring items, net of tax, per share amounted to €2.73, down 4.5% from 2007.

At the Combined Annual and Extraordinary Shareholders' Meeting on May 13, 2009, shareholders will be asked to approve a **dividend** of **€1.65 per share**, unchanged from the dividend paid in respect to 2007. **The dividend 2008 will be payable in cash or in stock at the shareholder's option**. The payout ratio, calculated on operating profit before non-recurring items, net of tax[2], stood at 60%, versus 58% in 2007.

[1]The flow-through ratio corresponds to the like-for-like change in EBITDAR divided by like-for-like change in revenue
[2]Operating profit before tax and non-recurring items less operating tax, less minority interests.

- **Solid financial position**

Net debt stood at **€1,072 million** at December 31, 2008, after taking into account **€1,086 million in expansion capital expenditure** (of which €1,014 million in the Hotels business) and **€560 million in proceeds from asset disposals.** The latter comprise €110 million from the sale of non-strategic assets (mainly €83 million for the Brazilian foodservices business) and €450 million from the disposal of 123 hotels under the hotel asset management strategy.
Dividends paid in 2008 amounted to €719 million, of which €332 million in a special dividend of €1.50 per share.
As of December 31, 2008, Accor had **€1,345 million in unused, confirmed lines of credit** and no major refinancing needs before 2012. Less than €500 million in debt will fall due over the 2009 to 2011 period.

In 2009, the estimated impact on net debt will include the settlement of Compagnie des Wagons Lits (CIWLT) tax dispute for a consideration of €242 million and a potential exercise of Colony's put on Casinos Lucien Barrière (€250 million, value of the transaction in 2003). In addition, €62 million worth of shares were purchased during the year under the €400 million share buyback program approved in March 2008 and since suspended. After the impact on net debt of 2009 factors and after the bond issue (see below), the unused, confirmed lines of credit would total €1.5 billion.

The main **financial ratios** demonstrate the Group's robust financial position. Gearing stood at 30% at December 31, 2008, while the **ratio of funds from operations to net debt**[1] **was 25.8%, versus 26.2% at December 31, 2007.**

Return on capital employed[(2)] rose to a record **14.1% at year-end**, compared with 13.6% at December 31, 2007.

A battle plan to face a difficult environment

As the effects of the global economic downturn quickly spread to the Hotels business, especially in the fourth quarter, Accor pro-actively moved to attenuate the potential impact on earnings with measures in three key areas:

- **Measures to enhance operational responsiveness**

Accor's **marketing dynamic** to carry on the battle for revenue is based on such powerful drivers as a broad range of accommodations from budget to luxury, a marketplace strategy in 20 leading European cities and the A|Club loyalty card currently used by 1.7 million members worldwide.
In addition, a program has been implemented to **reduce support costs** by €100million of which €75 million in 2009 and another €25 million in 2010. The savings will be primarily generated in marketing expenditure, purchasing, the cancellation or postponement of non-priority projects.

- **Responsive measures to preserve cash**

Renovation capital expenditure was already reduced by €25 million in the second half, with a further **€125 million reduction scheduled for 2009.** After four years of major capital expenditure, renovation projects will be more carefully selected, without diminishing quality of service.
The hotel **expansion capital expenditure** budget, currently set at €500 million a year in 2009 and 2010, will be reduced to €400 million a year in the following years. The €100 million reduction will be divided between the Upscale (for €55 million) and Midscale segments (for €65 million). On the other hand, capital expenditure allocated to Economy Hotels in Europe will be increased by €20 million.

[1] Funds from operations before non-recurring items correspond to cash flow from operating activities before non-recurring items and changes in working capital requirement. The ratio of funds from operations before non-recurring items to adjusted net debt is calculated according to a method used by the main rating agencies, with net debt adjusted for the 8% discounting of future minimum lease payments and funds from operations adjusted for interest expense on these payments.
[2] Corresponding to EBITDA expressed as a percentage of fixed assets at cost plus working capital.

- **Measures to secure the Group's financing**

In January 2009, the Group carried out a highly successful **€600 million bond issue** of five-year maturing February 4, 2014 with a 7.5% coupon. The issue helped to diversify the Group's sources of financing in addition to bank loans and extended the average maturity of its debt.

Firm resilience in Economy Hotels outside US and growth in Prepaid Services

With 70% of its EBIT derived from Prepaid Services and Economy Hotels outside US, Accor is now less sensitive to economic cycles.
In the second half, for example, EBIT rose 19.4% like-for-like in Prepaid Services and was stable in the Economy Hotels in Europe segment, but declined 10.8% in Upscale and Midscale Hotels and 23.1% in Economy Hotels in the United States. All in all, consolidated EBIT was stable in the second half compared with second half 2007.
The 2008 results reflect the transformation of the Hotels business model, which is already well underway, and the shift to variable-rent leases will have an even greater positive impact in 2009.

Accor is staying on course and continuing to transform its two core businesses

Prepaid Services

Accor is continuing to grow its traditional prepaid products (employee benefits) and is committed to winning new contracts in the prepaid services market, which is experiencing very fast growth, especially in Europe. Accor Services' strategy is built around five markets (employee benefits, rewards and loyalty programs, expense management, insurance claims settlement and payroll cards), a variety of media from paper to electronic, and a wide range of acceptance networks. In this regard, the partnership with MasterCard Europe will play an important role in enabling the Group to meet its ambitions in Prepaid Services.

Hotels

Accor intends to continue transforming its Hotels business model, a process that has been well underway for the past three years. To become the world leader in economy lodging and a major player in the Upscale and Luxury segments, Accor is leveraging three strategic growth drivers:

- **A portfolio of powerful brands that have now been repositioned**

The brand portfolio has been reorganized and now covers every segment of the hotel market.
With **Sofitel's** repositioning in the international luxury hotel segment, the launch of the **Pullman** brand in the Upscale segment and the launch of the **All Seasons** brand in the non-standardized economy segment, the network is fully aligned across the market.

- **An "Asset-Right" property management strategy designed to lower capital intensity and earnings volatility**

By the end of 2008, 625 hotels had been restructured, leading to the disposal of more than €4 billion in hotel property assets. At that time, 56% of the rooms in the hotel base were held under variable-rent leases, management contracts or franchise agreements, corresponding to 60% of the objective.

The pace at which the remaining 40% of the objective is met will depend on the property environment.

- **Expansion aligned with global demand**

Depending on global demand, Accor is focusing its expansion capital expenditure on the Economy Hotels outside the US segment and emphasizing asset-light operating structures in the Upscale and Midscale segment. In addition, the Group may shift to acquiring hotel properties rather than driving organic growth.
The Group opened 28,000 new rooms during the year, 89% in the Economy and Midscale segments. Of the total, 79% are being operated under low capital-intensive structures, such as variable-rent leases, management contracts and franchise agreements.
Sustained expansion remains a priority, with 101,000 rooms in the pipeline and an objective to opening 30,000 in 2009, 35,000 in 2010 and 40,000 a year in the years afterwards. Those 40,000 rooms a year will represent an annual investment for Accor of €400 million.

Upcoming events

- *April 16: First-quarter revenue*
- *May 13: Annual Shareholders' Meeting*

*****

Accor, a major global group and the European leader in hotels, as well as the global leader in prepaid services, operates in nearly 100 countries with 150,000 employees. It offers to its clients over 40 years of expertise in two core businesses:
- **Hotels, with the Sofitel, Pullman, MGallery, Novotel, Mercure, Suitehotel, Ibis, all seasons, Etap Hotel, Formule 1 and Motel 6 brands,** representing 4,000 hotels and nearly 500,000 rooms in 90 countries, as well as strategically related activities, such as **Lenôtre;**
- **Prepaid Services,** with 32 million people in 40 countries benefiting from Accor Services products in employee and public benefits, rewards and loyalty, and expense management.

MEDIA CONTACT

Alain Delrieu
Senior Media Relations Officer
Phone: +33 1 45 38 84 85

Aurélie Langevin
Junior Press Officer
Phone: +33 1 45 38 84 76

INVESTORS CONTACTS

Éliane Rouyer-Chevalier
Senior Vice President
Investor Relations and
Financial Communication
Phone: +33 1 45 38 86 26

Solène Zammito
Deputy Director
Investor Relations
Phone : +33 1 45 38 86 33